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Speaking Points

The Honourable Tony Clement, PC, MP
Minister of Industry

Business Development Bank of Canada Funding Announcement

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Check Against Delivery

Good morning, and thank you for coming.

There are more than 2.3 million businesses established in Canada. Small and medium-sized enterprises constitute 98 percent of all Canadian businesses and employ nearly half of the private sector labour force.

Representing all economic sectors, they are the backbone of our economy. In fact, businesses employing 50 or fewer workers contribute almost one quarter of Canada's gross domestic product.

However, the global economic situation is having a very real impact here at home. Today, small and medium-sized enterprises — in fact, most businesses — not only are faced with a very challenging, competitive environment, but are experiencing a difficult time when it comes to securing credit.

Many businesses are reporting that it is more difficult to secure loans and other financing. Helping these businesses grow and remain viable is crucial at the best of times, and even more so at this time. The economic health of our country depends on their ability to thrive and prosper.

It is important that Canada maintain a supportive business environment, particularly when the economy is uncertain.

With that in mind, our government knows that we can assist Canadian businesses through the Business Development Bank of Canada (BDC). Today, I am pleased to announce that we are providing a total of $450 million to the BDC.

The first provision, worth $100 million, will create the Operating Line of Credit Guarantee. The guarantee will be delivered under the Business Credit Availability Program as part of the Extraordinary Financing Framework announced in Canada's Economic Action Plan.

This is a time-limited facility that allows the BDC to guarantee a portion of the lines of credit that financial institutions extend to their clients. This guaranteed portion goes above and beyond what the banks are already committing to. Through the guarantee, financial institutions and the BDC will share the risk, while providing increased support to their clients at this most crucial time.

This means that Canadian banks will have an easier time providing financing to the small and medium-sized enterprises that are the linchpin of our economy. I am pleased to report that several major lending institutions in Canada have already agreed to be a part of this guarantee, with more to sign on in the coming days.

The Operating Line of Credit Guarantee will have a total market impact of at least $300 million — that's money Canadian businesses can use. The guarantee applies to operating lines of credit with authorized limits of a minimum of $400 000 and a maximum of $40 million. It will be delivered as part of the Business Credit Availability Program, administered by the BDC and Export Development Canada.

This $100-million Operating Line of Credit Guarantee — combined with previously announced funding of $250 million for term lending by the BDC — will allow the Bank to provide at least $1.5 billion in additional financing for Canadian businesses.

Very good news indeed for Canadian business!

This morning, I am also very pleased to announce that the government is providing $350 million over three years for the BDC's venture capital operations. The first $260 million will be used by the BDC to make direct investments in Canadian businesses currently in the BDC portfolio, as well as investments in new seed technology companies and later-stage technology companies.

The BDC will also commit $90 million over three years to private, independent Canadian venture capital funds. This funding is in addition to the $75 million to venture capital funds allocated in Budget 2008.

We know that, like all sectors of the economy, Canada's venture capital industry faces challenges. But we also know that a strong venture capital industry is vital to Canada's success. It is key to supporting high growth-potential firms that will drive our economy. And it is key to helping Canada produce companies that are recognized around the globe.

Our government's commitment to accelerate venture capital will help build an industry that is sustainable over the long term. It will also help Canada maintain a critical mass of Canadian venture capital firms to be used by our entrepreneurs, innovators, and small and medium-sized businesses.

This investment sends a clear signal that the Government of Canada is committed to the development of venture markets in recognition of the critical role they play in transforming ideas and research into new products and services. What we are saying here today is that venture capital is as much a part of our economic agenda, as it is a part of our science and technology strategy.

Ladies and gentlemen, through our government's commitment today — to provide additional financing for businesses and strengthen the venture capital market — we are demonstrating, once again, that we are taking concrete steps to help small businesses succeed despite the current economic instability.

This funding builds on the work we've already done as part of our Economic Action Plan, with responsible and practical steps to support Canadian businesses now and in the future.

Even though they recognize that this economic downturn originated outside our borders, Canadians expect their government to provide the stable leadership our country needs.

Our government is spending responsibly and strategically to help Canadians and communities get back on track as we weather the current downturn.

We are determined to do whatever it takes to support workers and businesses and to protect Canada's future. We know that the current economic situation will improve and Canadians will be well positioned to take advantage of the new opportunities that will arise.

On behalf of the Prime Minister Stephen Harper and the Government of Canada, I want to reiterate how deeply committed we are to strengthening our economy. We are consulting with Canadians and taking action to steer our way back through this recession and toward future prosperity.

Thank you.

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